

TOBACCO TRADE.

JUNE 25, 1860.—Committed to the Committee of the Whole on the state of the Union and ordered to be printed.

Mr. HUGHES, from the select committee, submitted the following

REPORT.

The select committee to whom was referred a resolution to "inquire into the present condition of the tobacco trade of the United States with foreign nations, and to report what negotiation or legislation may be necessary to improve its condition," have had the same under consideration, and report:

The important staple of tobacco is cultivated in almost every State and Territory of the Union. It is produced by free and slave labor. It is the second agricultural staple in point of exportable value, and whilst every other product of the soil, the sea, or the forest, exported from the United States, is received by the principal European nations with which we hold commercial relations at a free or nominal rate of duty, tobacco is burdened with onerous and unreasonable taxation.

Yet it is subjected to other disadvantages. The production of good chewing tobacco requires a combination of soil and climate presented by a comparatively small extent of country. This renders necessary the constant opening of forest lands, which are soon deprived of the elements necessary for profitable production, and, of consequence, the area suitable for this quality of tobacco is rapidly diminished.

The reformers of the world seem to have converged their batteries upon the habit of using tobacco, and the cultivator and consumer have been abandoned to the anthemas of an ultra moralism, and the exactions of needy or oppressive governments.

Other agricultural interests of the United States, content with a free market for their own productions, look with indifference upon the burdens imposed upon this friendless staple. They consent that foreign nations shall continue to exact from one American product revenues which enable them to repeal the duty on another. They know well that a revenue of twenty-four millions of dollars derived by England from the tax upon tobacco enables her to admit cotton, provisions, and other American products duty free. They know that this enormous tax upon this article has a tendency to drive the labor

and capital employed in its production to other pursuits, the product of which is more favored.

Why is it that the producer of tobacco, not aware that he deserves to forfeit the respect of society, or the protection of his own government, finds himself the victim of domestic neglect and of foreign injustice?

He is unconscious of any moral offence. That civilized man will employ some stimulus has been shown by the failure of the total abstinence movement, and by the established customs of every nation. Certainly no stimulus less injurious to the individual or to society than tobacco could be suggested. It neither intoxicates or disqualifies from toil. It takes little from food or clothing. It can neither be reproached with being the cause of destitution or crime.

True, it is called a luxury, yet spirituous and vinous drinks are likewise luxuries, to the use of which may be traced many of the evils of which society complains; yet these are received with comparative favor by nations which oppress the consumer of tobacco as if he were indulging in a practice detrimental to the happiness of his species.

Silks, velvets, laces, and jewelry are undoubtedly luxuries costly and wasteful, yet they are not pursued with the pretences upon which the tobacco tax is justified.

It would be inconsistent alike with reason and history that England, the power most oppressive in these exactions, should employ this pretence.

It is within the memory of all that when the Chinese government desired to protect its people from the use of a pernicious and intoxicating drug, which destroyed thousands, and disqualified more from useful labor, England sustained a contraband trade in this drug against the protest of China, and with the whole power of her arms and commerce she entered the markets of China forcibly and compelled her to take the abomination at the point of the bayonet.

How can the commercial morality which compels one nation to destroy herself with opium be reconciled with that which proposes to discourage the use of an innocent stimulus by exacting an excessive tax upon its consumption?

To show the inequality and excess of the foreign tax upon tobacco, as well as the value of the commerce on that article, the committee avail themselves of a tabular statement prepared by Mr. Endlich, United States consul at Basle, in Switzerland, in reply to the circular of inquiry addressed by the Department of State, upon the state of the tobacco trade of Europe.

Table exhibiting produce, commerce, consumption, import duties, and receipts thereof, of tobacco of all the European States.

Countries.	Year.	Production of tobacco.	Commerce.		Consumption.	
			Import.	Export.	Total.	Per head
		<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>	<i>Pounds.</i>
Austria*	1853.....	45,800,000	39,062,400	8,151,800	76,710,600	1.92
France*	1857.....	30,000,000	23,262,324	300,000	52,962,324	1.49
Russia*	1852.....	25,000,000	6,332,040	967,860	30,364,180	0.59
Spain*	1854.....	.....	23,003,543	15,728	25,487,815	1.41
Portugal*	1845-46.....	5,000,000	2,500,000	10,000	4,990,000	1.41
Sardinia*	1854.....	378,000	9,804,500	176,500	12,420,000	0.90
Tuscany*	1850-59.....	1,289,000				
Sicilies*	Average.....	1,125,000	3,270,897	451,519	4,108,478	1.34
Papal States*	1852.....	1,289,100				
Zollverein	1857.....	58,805,539	44,292,600	23,596,600	79,501,539	2.43
England	1857.....	.....	43,747,961	11,564,286	32,183,675	1.27
Holland	Average.....	6,600,000	13,400,000	6,000,000	14,000,000	4.00
Belgium	1858.....	2,665,548	12,368,676	350,036	14,684,188	2.75
Switzerland	1854-58.....	1,200,000	8,220,620	193,860	9,226,760	3.65
Sweden and Norway	Average.....	147,240	6,044,691	191,931	6,000,000	1.50
Denmark	.....do.....	250,000	8,592,445	3,600,000	5,242,445	3.50
Turkey	.....do.....	16,000,000	10,000,000	1,500,000	24,500,000	2.34
Greece	1853.....	5,500,000	101,860	1,136,614	4,465,246	3.30
Total.....	.....	201,049,427	254,004,557	58,206,734	396,847,250	.....

* Tobacco a State monopoly.

TABLE—Continued.

Countries.	Import duty.		
	Tobacco leaf.	Manufactured tobacco.	Cigars.
Austria*	100 pounds = \$105 34.....	100 pounds = \$138 24.....	.....
France*	1 kilogramme = \$1 86 to \$2 57.....	.....	1,000 pieces = \$16 74..
Russia*	1 pound = \$0 12 5 to \$0 45... } Imported for the Regie only	1 lb. = \$0 45 to \$1 27.	1 pound = \$1 50.....
Spain*	.....	.....	.....
Portugal*	.....	.....	.....
Sardinia*	1 pound = \$0 10.50.....	1 pound of snuff = \$1.	100 pieces = \$0 93....
Tuscany*	.....	.....	.....
Sicilies*	.....	.....	.....
Papal States*	.....	.....	.....
Zollverein	100 pounds = \$8 10.....	.....	.....
England	100 pounds = \$2 76.....	100 pounds = \$7 59..	100 pounds = \$13 80..
Holland	1 lb. 3 shill. and 5 per cent....	1 lb. 9 shill. and 5 p. ct.	9 shill. and 5 per cent..
Belgium	100 pounds = \$0 66.6.....	100 pounds = \$9 60..	100 pounds = \$32....
Switzerland	100 pounds = 93.0.....	100 pounds = \$1 62.7	100 lbs. \$5 02 to \$6 02.
Sweden and Norway	100 pounds = 55.10.....	100 pounds = \$1 48.8	100 pounds = \$2 79..
Denmark	1 pound = \$0 5.75.....	1 pound = \$0 14.....	1 pound = \$0 34.....
Turkey	100 pounds = \$0 89.6.....	100 pounds = \$2 85..	.....
Greece	.....	.....	.....
	} Import duty unknown.		

* Tobacco a State monopoly.

TABLE—Continued.

Countries.	Receipts of import duty on tobacco.	Receipts from mo- nopolies on tobacco.	Remarks.
Austria*	\$14,332 86	\$10,325,898 76	100 Austrian pounds = 123.60 U. State weight.
France*	7,153 00	23,495,334 00	Transit excluded from import; Regie receipt for the year 1856.
Russia*	945,078 00	2,353,109 00	Regie receipt for the years 1854-'56.
Spain*	18,000 00	3,525,000 00	Regie receipt for the year 1855.
Portugal*	127,588 00	1,465,254 00	
Sardinia*	3,400 00	2,589,273 63	Import permitted in small quantity for private use.
Tuscany*		455,600 00	
Sicilies*		836,942 00	
Papal States*		1,876,110 00	
Zollverein	1,626,570 00		100 pounds = 110.5 U. States pounds.
England	26,267,160 00		
Holland	186,768 00		
Belgium	102,152 00		
Switzerland	76,405 50		100 pounds = 110.5 U. States pounds.
Sweden and Norway	330,000 00		
Denmark	77,376 00		100 pounds = 110.5 U. States pounds.
Turkey	8,500 00		
Greece	2,036 00		
Total	29,792,539 36	46,902,521 39	

Total of import duties and receipts from monopolies \$76,695,060 75.

* Tobacco a State monopoly.

Recapitulation.

	Pounds.	Pounds per head.
Total European produce of tobacco....	201,049,427	
Total European import	254,004,557	
	455,053,984	
Less export	58,206,734	
Leaves for European consumption a total of	396,847,250	
The total consumption being	396,847,250	
Less total produce of	201,049,427	
Total absolute import	195,797,823	
Population of States with tobacco monopolies	166,216,682	
Population of States without tobacco monopolies	116,355,950	
Total European population	282,572,632	
Production of tobacco of States with monopolies	109,881,100	
Production of tobacco of States without monopolies	91,168,327	
Total production	201,049,427	

	Pounds.	Pounds per head.
Import of tobacco of States with monopolies.....	107,235,704	0.604
Import of tobacco of States without monopolies.....	146,768,853	1.26
Total import.....	254,004,557	0.90
Export of tobacco of States with monopolies.....	10,073,407	0.066
Export of tobacco of States without monopolies.....	48,133,327	0.41
Total export.....	58,206,734	0.206
Consumption of tobacco of States with monopolies.....	207,043,397	1.24
Consumption of tobacco of States without monopolies.....	189,803,853	1.63
Total consumption.....	396,847,250	1.40
Receipts of import duties on tobacco of States without monopolies.....	\$28,676,967 50	\$0 24
Receipts of import duties on tobacco with and from monopolies.....	48,018,093 25	29
Total receipts of import duties with and from monopolies.....	76,695,060 75	27

From this exhibit the injustice complained of by the tobacco interest is obvious.

But before it shall be decided to take the important step necessary for the protection of the staple referred to, it becomes our duty to verify still further our representations of its position and relative importance as a national interest.

Summary of exports of domestic products of the United States during the year ending June 30, 1859.

The sea.	The forest.	Agriculture.	Tobacco.	Cotton.
\$4,462,974	\$14,489,406	\$40,400,757	\$21,074,038	\$161,434,923*

* Report of the Secretary of the Treasury, 1859-'60.

From these tables it appears:

1. That cotton, the chief agricultural staple exported from the United States—itsself chiefly a product of slave labor—is admitted by the principal nations of Europe free, or at a nominal rate of duty.

2. That the second export in point of value—the combined product of agriculture other than tobacco and cotton—is admitted at a free or merely nominal rate of duty, by all the nations mentioned, except the Germanic Confederation.

3. That tobacco, the second staple of agricultural production in point of value exported from the United States, is subjected to a tax in England of from one thousand to fifteen hundred per cent. *ad valorem* upon leaf, and to more than two thousand per cent. *ad valorem* upon tobacco manufactured in the United States.*

To these evidences of a partial and unjust discrimination by foreign powers against a principal export, let us add that the manufacturing interest of the United States has been founded and fostered by the protection of federal legislation; that the shipping interest, having been protected by a bounty upon foreign tonnage until it felt strong enough to enter the field of competition, has asked the duty to be taken off at home and abroad, reserving to itself, however, a monopoly of the entire coasting trade of the Pacific and Atlantic States. The fishing interest has also received an annual bounty on its capital and enterprise, from the foundation of the federal government.

All remember the successful effort made a few years since to secure the admission of foreign wool duty free, but few have estimated the additional burden which has been imposed upon other interests to favor the special manufacture of woollen goods.

A late number of a respectable and authentic journal† quotes the last report of the Boston board of trade on wool, to prove that the importation of foreign wool into the port of Boston alone, for the year 1859, amounted to 18,000,000 pounds, and adds: "This makes it safe to estimate that the entire importations for the last year were forty millions of pounds."

Under the tariff of 1842 coarse wool was subjected to a tax of five per cent., and fine wool to a tax of three cents per pound, and thirty per cent *ad valorem*.

By the tariff of 1846 the tax on all wool was equated at thirty per cent. *ad valorem*, and by the tariff of 1857 the duty on all wool was repealed.

If, then, this important import had continued to pay the lowest import duty imposed before the repeal, it would have added to the receipts of the past year ten or twelve millions of dollars; yet, whilst foreign wool has been for the benefit of American manufactures relieved of all import tax, all other interests have been compelled to make good the deficiency of revenue occasioned by the special favors thus extended to the foreign producer and to the American manufacturer of wool.

* Average prices of tobacco shipped from Baltimore to foreign ports in 1859, \$5 77 per cwt.—*Circular of C. W. Deford & G. O. Gorter*, 1860. Average estimated for whole importation, say \$8 per cwt.

† Quarterly Journal of Agriculture, 1860.

There is, moreover, a case of special importance of which the tobacco interest has cause to complain.

The reciprocity treaty of June 5, 1854, between the United States and Great Britain, provides for admitting "into each country, respectively, free of duty," certain articles the "product of each country, respectively." Among these articles are grain, *flour*, animals of all kinds, fresh, *salted, and smoked meats*; fish of all kinds.

We may add to the favors extended to our commercial interest the payment by the federal government of nearly half a million of dollars for the capital, and abolition of the sound dues, and the admission of wool, and an extended list of articles entering into the production of American manufactures, free of duty; tar, turpentine, and ashes; coal; gypsum, *ground and unground*; burr or grindstones, *wrought or unwrought*; cotton and tobacco, *unmanufactured*.

The same treaty secures the privileges of catching and curing fish to both British and American citizens, respectively.

But from this schedule it appears that whilst grain, *manufactured into flour*; meat and fish, *cured, salted*, and prepared for exportation; stone, *wrought* fit for use; and tar, turpentine, and ashes, products useful to the marine and manufacturing interests of both nations, are admitted, duty free, into the United States and the British provinces, tobacco, *manufactured*, is subject to the British tax of two dollars and sixteen cents per pound*.

By this treaty the Canadian demand is limited, in a great degree, to leaf tobacco, whereby the staple is denied that additional value which would be imparted to it by reduced freights and improved preparation for market.

Indeed, the term "manufactured" is a gross misnomer. It effects no change in the nature of the material wrought, and is only intended to render the staple more portable and less liable to waste or climatic injury.

The operation of manufacturing tobacco is simply depriving it of the stems, putting it in form convenient for use and subjecting it to compression.

Is there in this anything more than in the conversion of grain into flour? Does not the cotton planter remove the seed of the cotton by a gin, press the cotton into a bale on the plantation and again compress it by steam into a smaller compass for exportation? Are not fish and provisions salted, smoked, and packed for use and exportation? Have these operations been ever considered more than legitimate modes of preparation for market? Have they ever subjected the staples named to a foreign tax as manufactures?

From a review of these facts and circumstances it appears that tobacco, to use the expressive figure applied by an honorable member of this body to another American staple, has been "made a beast of burden to carry the packs of others." It is plain that the negotia-

* The effect of this discrimination against tobacco manufactured is, that Canadians import the leaf duty free, employ the *fugitive slaves who escape from the tobacco factories of the south*, and have thus materially reduced the past year the demand for American manufactured tobacco.—Circular, C. De Deford & Co.

tions which have been heretofore made with foreign nations have secured the free admittance of all American products of agriculture exported into foreign markets free of duty, while tobacco has, in effect, continued under the burden of an unjust and excessive tax.

We have shown that the gross duties on tobacco collected by the governments of Europe amount to.....	\$29,792,539 36
And from monopolies	46,902,521 39

Making an aggregate of.....	75,695,060 75
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or more than three times the value of the whole tobacco exported from the United States to Europe.

The gross duties collected by England upon tobacco is \$25,000,000, and by France \$18,000,000 annually, making an aggregate of more than double the whole value of the leaf tobacco exported from the United States.

These two nations can therefore well afford to admit American cotton and provisions duty free into their ports; and the controlling interests of American legislation on the other hand can, with a reciprocal comity, admit the manufactures of the one and the luxuries of the other at an average, respectively, of twenty-six and thirty per cent.

Is it just? is it compatible with that Constitution which inculcates in every line equality and equal protection that burdens upon an article of American labor and capital should be bartered away to secure privileges of free trade for other products of American labor and capital?

Such diplomacy and legislation neither comport with the spirit of the compact nor with equal justice to all our citizens. They constitute one of the evidences of an incompatibility of interests, and a selfish employment of common power for special purposes, that are gradually fretting apart the fabric woven for the benefit and protection of all.

Such is a summary of the chief grievances of which this forlorn and unprotected interest has had to complain at the hands of its own and other governments.

But it is not only to the interest of the planter that this policy should be changed for one more just and equal.

The whole Union is interested in the prosperity of every portion. The value of the exports furnishes the people of the whole country with exchangeable values in payment for their productions.

It is a cause of constant regret that the value of our foreign credit is inadequate to keep down the rate of foreign exchanges, or to furnish our people with the merchandise which their commendable regard for the comfort of themselves and families require. And it is undoubtedly the duty of the statesman to increase the balance to our credit by a proper policy.

It cannot be doubted that the more our exports bring beyond the Atlantic the greater our foreign credit. What, then, would be the effect of relieving the foreign consumer of our tobacco of even a portion of the enormous burdens with which it is now loaded? Surely to pay a better price to the producer, and give him a larger portion

of the price that the consumer pays. Let us take an example. A pound of American leaf tobacco which costs here nine cents will pay in England seventy-six cents import duty. To this we may add for freights, charges, and other losses two cents, with a profit of twenty per cent. to the vender, making a cost to the consumer of one dollar and four cents. Of this sum the producer receives for his labor and capital one-twelfth part.

Suppose the duty reduced one-half, and the producer enabled to obtain one-half of this reduction, this would entitle him to receive about twenty-eight cents per pound, instead of nine; for this tax not being imposed upon the weight or price of the product, its reduction would be attended with no corresponding increase of the cost of sale and delivery.

The value of tobacco exported from the United States annually is estimated at \$21,074,038. Now, if we add to this sum the increased compensation to the American labor and capital occasioned by the supposed reduction of tax, it will follow that the planter will be entitled to draw for an amount thus increased in the ratio of the case stated for illustration. The commercial credit to which our country will be entitled will, perhaps, amount to at least sixty millions, effectually converting the balance of trade now charged against us to a liberal credit in our favor. We might add to this the profit upon the goods furnished to represent the increased value, and perhaps the increase of freights, which would attend the probable addition to the crop of tobacco exported. It is unnecessary, however, to extend the argument to show the importance to the whole Union of increasing the compensation upon the labor and capital of any part of its people.

Having thus set forth a succinct history of the legislation and diplomacy in regard to these and other staple products of the United States, having exhibited the unequal and partial taxation imposed by foreign governments, and the value of the staple which now asks recognition and justice, the committee will proceed to consider the terms of the resolution to which it owes its authority.

It is apparent, from the late report of the Secretary of the Treasury, that the value of tobacco exported from the United States to foreign countries has steadily increased from \$7,242,086, in 1847, to \$21,074,038, in 1859; but this amount of value exported by no means represents the extent of production. This is shown by the following statement:

	Hhds.	
Foreign exportation	198,846	\$21,074,038
Domestic consumption	57,395	10,000,000
	<u>256,241</u>	<u>31,074,038*</u>

This result falls short, no doubt, of the full value of the tobacco crop, since much is consumed without being sent to market, and the domestic price stated conjecturally is believed to be far below the actual price paid by the consumer.

Notwithstanding the immense tax upon manufactured tobacco, its use abroad has increased greatly, and is now an element of much importance to our commerce.

The manufactured tobacco exported from the United States in the fiscal year ending June 30, 1859, was 14,912,811 pounds, valued at \$3,334,401.

The annexed table will show that it is finding its way, in spite of all obstacles, into almost every country in the world:

Exports of manufactured tobacco from the United States for the fiscal year ending June 30, 1859.

Whither.	Pounds	Value.
Asiatic Russia.....	400	\$140
Russian Possessions in North America.....	1,330	500
Sweden and Norway.....	7,804	1,786
Swedish West Indies.....	94	23
Denmark.....	19,896	2,370
Danish West Indies.....	54,991	11,027
Hamburg.....	65,529	11,627
Bremen.....	243,723	39,473
Holland.....	14,972	2,952
Dutch West Indies.....	124,685	25,056
Dutch Guiana.....	1,140	160
Dutch East Indies.....	4,750	730
Belgium.....	400	15
England.....	1,547,892	318,262
Scotland.....	99,557	17,447
Ireland.....	2,373	263
Gibraltar.....	217,422	243,119
Malta.....	23,020	2,680
Canada.....	3,060,245	1,205,684
Other British North American Possessions.....	1,854,255	343,307
British West Indies.....	385,087	54,886
British Honduras.....	11,599	2,273
British Guiana.....	50,406	7,866
British Possessions in Africa.....	873,853	162,054
British Australia.....	3,702,706	658,264
British East Indies.....	1,070,441	171,698
France on Atlantic.....	34,820	5,549
French North American Possessions.....	107,230	16,620
France on the Mediterranean.....	8,888	1,822
French West Indies.....	11,826	2,048
French Possessions in Africa.....	11,980	5,075
Spain on the Mediterranean.....	600	236
Canary Islands.....	25,433	3,425
Cuba.....	183,159	31,703
Porto Rico.....	36,171	3,651
Cape de Verde Islands.....	15,602	2,585
Azores.....	9,243	1,147
Two Sicilies.....	42,360	4,670
Austria.....	338	93
Turkey in Europe.....	2,154	260
Turkey in Asia.....	32,610	3,550
Egypt.....	1,000	150
Other ports in Africa.....	66,318	11,239
Hayti.....	32,640	4,670
Mexico.....	18,148	4,342
Central Republic.....	2,422	590

STATEMENT—Continued.

Whither.	Pounds.	Value.
New Granada	34, 675	\$8, 099
Venezuela	93, 611	17, 809
Brazil	106, 311	16, 369
Uruguay	112, 829	13, 779
Argentine Republic	238, 646	39, 103
Chili	6, 840	1, 014
Peru	18, 224	4, 169
Sandwich Islands	65, 243	12, 315
Other islands in the Pacific	11, 967	3, 151
China	135, 153	29, 957
Whale fisheries	7, 800	1, 549
Total	14, 912, 811	3, 334, 401

Exports of manufactured tobacco from the United States for the fiscal year ending June 30, 1859.

Whence.	Pounds.	Value.
Passamaquoddy	134, 295	\$23, 890
Machias	5, 643	637
Penobscot	111	22
Portland	50, 759	11, 607
Vermont	296, 064	33, 143
Gloucester	5, 508	1, 041
Salem	70, 483	12, 285
Boston	3, 054, 940	544, 760
New Bedford	16, 196	2, 720
Providence	590	394
New London	11, 886	2, 138
New Haven	41, 085	6, 018
Fairfield	300	62
Genesee	7, 828	1, 694
Oswego	416, 208	109, 854
Niagara	792, 697	440, 960
Buffalo	139, 835	28, 424
Oswegatchie	158, 400	28, 661
New York	7, 375, 634	1, 311, 506
Champlain	773, 729	469, 612
Cape Vincent	445, 457	89, 997
Newark	100	20
Philadelphia	220, 387	30, 436
Presque Isle	60	27
Baltimore	365, 919	54, 693
Richmond	269, 954	60, 157
Norfolk	2, 000	331
Plymouth	721	166
Charleston	433	56
Savannah	36	72
Key West	550	200
New Orleans	25, 441	5, 028
Texas	7, 075	709
Cuyahoga	590	706
Detroit	22, 000	2, 200
San Francisco	194, 580	60, 176
Total	14, 912, 811	3, 334, 401

From the foregoing table it will be observed that though charged with the highest duties, the consumption of manufactured tobacco is extending into the colonial dependencies of England to even a greater extent than it is consumed in the mother country itself, thus:

England takes	1,547,500 lbs.
Canada and other North American British possessions	4,854,500 lbs.
Australia	3,702,706 "
East Indies	1,070,441 "
	<hr/> 9,627,647 lbs. <hr/>

Whether this immense disparity between our exportations to the colonies and the mother country is represented in the revenues is a question in which the English treasury is more interested than ourselves. We employ the fact to show the rapidity with which this mode of preparing tobacco recommends itself to the consumer, and to establish the inference that if placed upon a fair footing it would promote greatly the interest of the producer and consumer.

Such is the present condition of the tobacco trade of the United States with foreign countries. It becomes next our duty to consider "what negotiation or legislation may be necessary to improve the condition of the tobacco trade of the United States with foreign countries."

We reverse the order of examination prescribed by the language of the resolution to say that the committee is not prepared to recommend, at this time, any legislation upon the subject. The only remedial measure of legislation would be to impose retaliating duties upon the products of those nations of whose injustice we complain. Direct retaliation upon the same article is, of course, impossible, since the United States imports very little tobacco in the same form in which its product is consumed and taxed abroad.

The general proposition to impose countervailing duties for the purpose of compelling friendly nations to relieve our products from duties imposed by those nations is of questionable justice and of doubtful expediency. There is no reason why, because the tobacco grown by one citizen does not produce as much in foreign markets as it is worth, another citizen of the same nation should be required to pay more for articles of consumption which he may require. If the imposition of this vindictive tax upon one citizen for the benefit of another should succeed in producing relief to the first it would be a special contribution which the public has no right to exact. But the imposition of the countervailing tax would be an acknowledgment and exercise of the principle of discrimination contended for by the nations of whose injustice we complain. They would even derive from our impotent effort to compel them to do justice an admission in favor of the propriety of their acts.

The only remedy which the committee is disposed to recommend is to request, respectfully, the Executive to instruct our diplomatic and commercial representatives to bring to the attention of other

governments the injustice and impolicy of the taxes of which we complain: the inconsistency of this tax with those principles of free trade which we have adopted with all nations; the obvious advantage to the governments referred to of increased revenues and an improved article of consumption, which would inevitably result from a reduction of the tobacco duty, and especially that the Executive should employ every opportunity which may present itself in our diplomatic and commercial relations with other countries to obtain from them a reduction of the taxes upon tobacco as an equivalent for such commercial favors as they may, from time to time, desire at our hands.

The committee is aware that many apprehend little from the exercise of Executive influence upon this subject, but a state of circumstances now exists which induces them to think that an appeal to reason and justice will be more successful than heretofore. It has been now more than twenty years since the last earnest effort was made by our government to procure a reduction of the foreign duties upon American tobacco. The reply to this application on the part of England was that she needed the revenue from tobacco and could not prudently change her duties upon that article; that the United States could not, at that time, (1837,) change their tariff, then bound by the compromise law of 1832. The German States replied that they had recently adjusted their commercial system and could not engage, at that time, in a negotiation of equivalent duties. France declined to entertain any discussion upon the subject.

Since that period the commercial policy of nations has changed. The ancient theories of protection, prohibition, and bounties have yielded to the wiser and simpler tenets of free trade. England has discovered and taught the great truth that free trade is the best protection. So far from regarding a "jealousy of France," a principle of policy to be maintained like the Roman hatred of her ancient rival, England has cultivated friendly relations with her neighbor and perhaps contributed to imbue her with the wisdom of liberal doctrines.

Under this change of sentiment we have seen the corn monopoly overthrown, the whole provision, product and raw material, used by the manufacturer, admitted duty free, and the British tariff reduced from a tax upon a volume of subjects to a duty levied upon but about fourteen articles of foreign production.

France has likewise followed in this policy, and we have now a prospect of seeing the draw-bridge of commercial restriction thrown open, and all mankind admitted to deal with her merchants upon terms of reciprocal equality.

The abolition of the sound dues, and the growing liberality of the system of Northern Europe, seem all to harmonize with the doctrine of free trade.

The United States has certainly the merit of having led the way in this as in most other reforms, and the the adoption of the same system by the powers of Europe, even to the limited extent which we have mentioned, confirms the wisdom of a commercial policy, too firmly established in the confidence of the American people to be abandoned.

It is therefore that we have a right of remonstrance against the principal nations with whom we have established relations of amity and commerce.

Our whole tariff of duties upon British and other manufactures only averages about twenty-six per cent.

How can she answer for the exaction of one thousand per cent. upon leaf and three thousand per cent. upon manufactured tobacco?

Our duties upon the French luxuries of wines, brandies, silks, and laces averages thirty per cent., with what propriety can she take for the "basis of her agreement with the United States, the most perfect equality and reciprocity, carefully avoiding all those burdensome preferences which are usually sources of debate, embarrassment, and discontent,"* and subject the third article of our exports to a monopoly which enables her *regie* to buy from the producer at its own price and sell to the consumer at a profit only limited by the content of cupidity.

But if these representations should not be successful, when urged with the full weight of diplomatic character and ability, it must be remembered that cases are continually occurring in which other nations are desirous to participate in advantages which our power and position enables us to bestow.

We have had repeated applications from England for free admission to our coasting trade.

At an earlier period in our history it is said that we obtained access to her fisheries as a consideration for a release of our claims for property destroyed and carried off during the revolution—the re-acknowledgement of debts to British merchants, once confiscated by our government, and the admission to an equal right of navigating the Mississippi river. †

We may come down to the more modern convention in which the free navigation of the St. Lawrence, with a right of fishery within the British possessions, and the right of exporting certain American products into the British possessions, were exchanged against equivalent privileges within American jurisdiction granted to British subjects.

The exchange of equivalent advantages is the chief province of diplomatic negotiations, and the only agency of our representatives abroad will be to employ such occasions as may arise to secure the object indicated in this report.

The committee may be permitted to offer a suggestion, illustrative of the character of the remedies to which they refer.

Under our present commercial treaties with England our vessels are admitted, without any tonnage tax whatever, into all her ports.

Her vessels on the other hand are excluded from our coast commerce from Passamquoddy around to Vancouver.

As an equivalent disadvantage, tobacco, an American product of great price, is subject, within the jurisdiction of Great Britain, to a tax, deemed by those interested in its production partial and excessive.

* Language of Treaty.

† Treaty of 1794.

Here there is suggested a fair basis of negotiation. If the two nations could convince each other that such a modification of their respective systems as would take off or modify the duty on American tobacco, and throw open our coastwise trade to British shipping, was equal and reciprocal, the object of the tobacco interest might be attained.

It is even probable that an earnest argument upon the subject with the proper authorities abroad might not be without effect.

It could be clearly shown the British government that a reduced tax on tobacco would be attended with the effect of increasing her revenues.

It could be shown that instead of poisoning the health of her people with pernicious substitutes for tobacco, and their morals by a high temptation to evade her laws, that she could collect more revenue, and her people obtain sounder and better selected tobacco by a modification of the duties.

It would be certainly legitimate to employ the argument and evidence which has been accumulated upon the subject to convince these powers that moderate taxes produce better receipts than exorbitant ones.

That the employment of this means has so far been attended with encouraging effects may be shown by the following statement.

In the year 1857, the southern commercial convention assembled at Knoxville, addressed to the President, "the remonstrance of the tobacco interest against the excessive duties imposed upon that staple by the commercial nations of Europe.

In February, 1859, Congress passed a series of resolutions, stating that "the trade in tobacco with Great Britain, France, Spain, Portugal, Australia, Brazil, and other foreign nations, is clogged with restrictions and limitations wholly inconsistent with that fair and reciprocal condition of commerce which ought to exist between the United States and those nations, respectively, and is therefore unsatisfactory to the States of Virginia, Kentucky, Maryland, North Carolina, Missouri, Tennessee, Ohio, Connecticut, and other tobacco growing States, in which that article is an important if not the chief staple of agricultural production." To remedy this state of things, it was directed that instructions should be given to our foreign ministers, consuls, and diplomatic agents, requiring them to use all their constitutional and legitimate functions in obtaining a modification of duties and restrictions on the importation of American tobacco, and to procure "a more just and equal reciprocity in a trade so deeply involving the value of that portion of the agricultural labor of the country, in which at least one-fourth of the confederacy is concerned."

Subsequent to this application the legislature of Kentucky, at its session of 1859-'60, adopted the following earnest and cogent resolution, asking the influence of the federal government in procuring justice to this long neglected staple, and demanding in case of failure the imposition of "countervailing duties upon the productions and

manufactures of those nations who have filled their exchequer and supported their royalty upon exactions wrung from American labor.”

1. *Resolved by the general assembly of the commonwealth of Kentucky*, That tobacco, one of the great American staples, has for more than fifty years been the subject of the most burdensome taxation ; that whilst there is a tariff of 30 per cent. protection on sugar, and cotton is admitted in all the ports of the world duty free, and breadstuffs, and beef, pork and lard are subject to the payment of only nominal duty, tobacco, the great western staple, is subject to a foreign duty, before it can be sold in the principal foreign markets, of seventy-seven dollars per one hundred pounds.

2. That the federal government has the power to fix the details of commercial treaties upon the principle of reciprocity and mutual expected benefit ; and that such treaties have now become the policy of all civilized nations, our own included ; and while every other product of this country has been placed upon the most favorable footing, tobacco has been wholly neglected, and this great interest has been left to languish at home, and feed and clothe and pamper princes and nobles abroad.

3. It is the duty of the United States, in all future treaties with Great Britain and other foreign powers, where the American tobacco is sold, to insist upon placing tobacco upon a footing with other productions exported from the United States to foreign countries.

4. That if all other means fail, then we demand countervailing duties upon the productions and manufactures of those governments who have filled their exchequers and supported their royalty by exactions wrung from American labor.

5. That the governor be requested to transmit copies of these resolutions to our senators and representatives of the Congress of the United States, and ask them earnestly to appeal to the bodies of which they are members in behalf of this long neglected interest.

In compliance with the resolutions of Congress, and in response to the circular of questions addressed by the Department of State, the commercial representatives of the United States have made reports from many of the principal States of Europe. From these reports it is obvious that some of the powers of Europe are disposed to listen to the representations of reason, and that much may be anticipated from continued remonstrance, and the prevalence of more liberal ideas of commercial intercourse, combined with the practical effect of reciprocal concession of national interests.

The principle of reciprocity should be applied in our commercial relations. If articles of prime necessity, the product of America are admitted into European markets at a low rate of duty, the government of the United States should admit similar products at a similar rate.

If articles of popular comfort or enjoyment produced in Europe are admitted into the United States at a rate of duty appropriate to the character of these products, the United States has a right to expect that articles of a similar class should be admitted into European markets upon a similar rate of taxation.

Encouraged by these indications; animated by the conviction that the present executive will omit no occasion to demonstrate his devotion to the rights of every portion and every interest of the republic which he has served so long and effectively; and inspired, above all, by a sentiment of duty to our important and valuable interest of American agriculture which has sustained such excessive burdens for so many years, the committee respectfully submit and recommend the adoption of the following resolutions:

Resolved, That the duties at present imposed by the principal commercial nations of Europe upon American tobacco are onerous, partial, and inconsistent with our tariff of duties upon their products, and with the spirit of reciprocity which regulates our commercial relations with the world.

Resolved, That the President of the United States be respectfully requested to continue the representations to foreign powers of the dissatisfaction with which the American people regard the unequal and unfriendly system of which they complain, and to remind those powers that the continuance of their duties upon American tobacco, without modification, will be deemed inconsistent with their professions of commercial reciprocity and international comity.

Resolved, That the President be requested particularly to cause remonstrance to be made against the discrimination imposed by foreign powers upon American manufactured tobacco, and to insist upon its admission upon the same terms and at the same duty with leaf tobacco.

Resolved, That should such remonstrance and representations fail, the President be requested to instruct our diplomatic and commercial representatives to report all cases in which nations imposing excessive duties upon American tobacco desire any concessions of commercial interest from the United States, with a view to exact from such nations a reduction of the duties on tobacco as an equivalent for the commercial favors desired by them.

GEORGE W. HUGHES.

Without concurring in the arguments, statements, and reasoning of the foregoing report which advocate, recommend, or look to the adoption of direct taxation as the policy of the United States to support the general government, we heartily concur in the resolutions submitted.

JAMES M. QUARLES.
F. M. BRISTOW.
J. M. LEACH.

I agree to the within resolutions.

ORRIS S. FERRY.